

# MAY 2005 CHANGES TO OW RULES

On May 17, 2005, the Provincial Government announced changes to Ontario Works rules. The changes are planned to **take effect August 1, 2005** and will affect people who are on Ontario Works (OW) and have employment income as well as people moving from OW to employment. These changes do not apply to people receiving Ontario Disability Support Program (ODSP) benefits.

The following is only intended to provide a summary of the changes. It is not intended to be legal advice. If you think you may be affected by the changes, contact your local legal clinic for more information.

## **50% EXEMPTION FOR EMPLOYMENT INCOME**

Once the changes take effect, if you have employment income you will only have half of what you earn deducted from your benefits. That means if you earn \$800 in a month, OW will only deduct \$400 from your benefit cheque.

How much money you can earn each month and still qualify for OW depends on how much you receive from OW. For example, if you are single and getting \$536 each month from OW, you will be able to have an employment income of \$1,072 in a month before you no longer qualify for OW. If you are a single parent with two children under 13 years and getting \$1,119 from OW each month, you will be able to have employment income of \$2,238 in a month before you no longer qualify for OW.

There is no time limit on the 50% exemption rate. However, the 50% exemption rate only begins after you have been on OW for three months. In the three months before that, your employment earnings will continue to be taken off your OW cheque dollar for dollar.

## **\$500 FULL-TIME EMPLOYMENT START-UP BENEFIT (FTEB)**

Once the changes take effect, OW recipients who get a full-time job and have additional expenses because of their work will receive up to \$500 from Ontario Works. This is called the Full-time Employment Start-Up Benefit (FTEB).

To qualify for the FTEB you must have been on OW for three consecutive months or more and you must be working 30 or more hours in a week. You can work one job or several jobs to reach the 30 hours. You can get the FTEB for job-related expenses such as transportation costs to and from work, purchase of a uniform, purchase of tools, etc.

This benefit is only available once in a 12-month period. People who qualify for the FTEB cannot also receive the Employment Start-Up Benefit (ESUB). The ESUB will continue to be available to people who have start-up expenses around, for example, job searches and part-time work.

### **INCREASED MAXIMUM DEDUCTION FOR INFORMAL CHILD CARE**

Once the changes take effect, working parents can deduct up to \$600 per month from their employment income for informal child care expenses for each child that is 12 years or younger. This is an increase from the previous amount of \$390 per month per child.

Informal child care means your child is being looked after by a relative, a friend, or a neighbour while you work. If you earn \$1,000 in a month and you pay your neighbour \$700 a month to look after your child, OW will deduct \$600 and only consider your employment income to be \$400 for that month. If you earn \$1,000 in a month and pay your neighbour \$500 a month to look after your child, OW will deduct \$500 and only consider your employment income to be \$500 for that month.

If you have licensed child care, then you can deduct your monthly child care costs dollar for dollar from your monthly employment income. If you have a child that is older than 12 years and needs child care because of special circumstances, for example he or she is disabled, then you would also be able to deduct \$600 per month for informal child care costs for this child as well.

### **EXTENDED EMPLOYMENT HEALTH BENEFITS**

As of August 1, 2005, if you leave OW because you are working you can still get health benefits from Ontario Works for up to six months or until your employer's health benefits kick in, whichever happens first.

The extended employment health benefits (EEHB) include such benefits as drugs, dental and vision for children, and diabetic supplies. If your employer does not have health benefits it is possible for Ontario Works to extend your employment health benefits for another six months.

For a complete text of the regulations, consult the Ontario Gazette of July 2, 2005, at the following web address:  
[http://www.ontariogazette.gov.on.ca/mbs/Gazette/Gazette.nsf/Main/CCDE9326A245D779852570300079882B/\\$FILE/138-27.pdf](http://www.ontariogazette.gov.on.ca/mbs/Gazette/Gazette.nsf/Main/CCDE9326A245D779852570300079882B/$FILE/138-27.pdf)

For the OW policies, consult:  
<http://www.cfcs.gov.on.ca/CFCS/en/programs/IES/OntarioWorks/Publications/ow-policydirectives.htm>